

ANNUAL REPORT

INSURANCE BRANCH

BENEFITS AND SERVICES DIVISION

OFFICE OF PERSONNEL

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Approved For Release 1999/09/08 : CIA-RDP80-01826R000100130020-9

Section I

Major Accomplishments and Significant Developments

1 July 1961 - 30 June 1962

Attached, as part of this report, is a summary of Insurance activity during the reporting period. As was indicated last year, an increased workload has developed as a result of the "Open Period" in October, for membership in the Federal Employees Health Benefits Program, as well as the introduction of new programs for employees and their dependents.

Though repetitious, attention is again invited to the complexity of our over-all operations, much of which results, not only from the increased number of programs available to employees, but also from the many types of employees who are members, with the necessary constant changing from one type to another. For example, the entitlements for S.E.'s and S.A.'s are entirely different from contract types and therefore involve different rules of operating. Communication with the covert types also presents problems requiring much time to resolve; such time, of course, not being evident to one who merely observes statistics in determining work loads. Bearing these salient points in mind, it becomes easier to classify these operations of this Branch of a complex nature requiring much individual resolvment, rather than being of a strictly routine "production-line" nature.

Insurance Program in General

During the past year certain GEHA programs have shown significant growth, each of which is detailed in the following paragraphs:

During the past year the workload in connection with the administration of the Federal Employees Health Benefits Program, as anticipated, increased greatly, not only as a result of the increased number of members, but also of the heavy influx of claims, toward the end of the calendar year, under the Major Medical part of the program. A backlog of as many as 700 claims resulted during January and February of 1962, which required overtime to dispose of.

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The UBLIC program continues to be very desirable as evidenced by its continued growth from 2,334 to 2,522. This gain would have been even greater but for a number of policyholders leaving under Agency termination programs. This gain of 8% is double that of a year ago and reflects an increase of insurance in force of \$2,508,000.00.

The WAEPA program showed a slight decline of 28 policyholders for about \$400,000.00.

All other plans administered show a steady increase in membership except the travel plans which, of their nature, fluctuate during the year anyway.

The new plans, the dependents' life insurance for UBLIC and WAEPA were widely accepted when offered and show a high percentage of enrollees from those eligible to apply (married). There are presently 2,213 (95%) enrolled under UBLIC and 1,040 (99%) enrolled under WAEPA.

The new contract life insurance plan providing coverage from \$5,000.00, \$10,000.00 or \$15,000.00 is showing steady growth since its implementation on 1 March 1962. It is hoped that all former 10-Up life policyholders will be transferred to this new plan by 1 September 1962.

Specific Major Accomplishments:

1. The fourth return of premiums to UBLIC policyholders whose coverage was in force on 31 July 1961, was accomplished without additional help. \$67,620.86 was issued to 2,328 policyholders prior to 1 January 1962, and \$633.16 was issued to 22 policyholders in March 1962, thus making for a total payment, to 2,350 policyholders, of \$68,254.02.
2. The screening of all folders to remove material pertaining to old Mutual was completed, with such material being sent to the Records Center.
3. The volume of work involved in advances for hospital admissions for those people not having identification cards, due to cover, continued to increase tremendously with the necessary accompanying workload. This is administered directly by the Branch Chief and Deputy Branch Chief. Last year there were 224 advances made in the amount of \$24,658.50, as against 135 for \$14,567.50, the previous year. This program continues to level a heavy time requirement on this office.
4. To help employees more efficiently, and in an easier manner, to file claims for prescription drugs under Major Medical, a new card type form was developed and is being dis-

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tributed to employees. Its use is being accepted by members enthusiastically.

5. During the past year, numerous lectures, as indicated on the attached statistical report, were given to all E.O.D.'s by representatives of the Branch. In addition, the Branch Chief lectured to individual groups, such as recruiters, personnel officers of components, as well as to those attending the Personnel Officer Training Course. Briefings continue to be given to groups and individuals departing from and returning to headquarters. A great deal of time was and will continue to be spent, on the part of the Branch Chief, in discussions with individual members of the Emergency Task Force on insurance matters, as well as with individual employees of all grades on their own personal insurance problems. Further, the Branch Chief lectures at the Clandestine Services Operations Review Course, as part of the presentation of the Director of Personnel.

6. The regular scheduled microfilming of records of the Branch for Vital Documents file was completed in December 1961. Future microfilming will be done in September and March of each year.

7. An audit report, with quite satisfactory findings, was completed by a representative of the Audit Staff, covering the year ending 31 December 1961, in April 1962.

8. The processing of applications during the "Open Period" 1 October - 16 October 1961, under the Federal Employees Health Benefits Program (Association Plan) was completed in December 1961.

25X1C4e

9. New Identification Cards for use at [REDACTED]

25X1C4e

10. Mr. Emmett D. Echols, Director of Personnel, was appointed a member of the WAEPA Board of Directors. The Chief, BSD, and Chief, IB/BSA attended a meeting with WAEPA officials in an attempt to obtain greater voice in administration of WAEPA, on behalf of GEHA members. This matter not too successfully solved up to now.

11. In accordance with decision of Board of Directors of GEHA, WAEPA, Travel Plans, and Specified Diseases are now available to contract employees and career agents.

12. The Branch Chief, as Vice President, and the Deputy Branch Chief, as Treasurer of GEHA, provided the Division Chief, and the Board of Directors with constant detailed statistical reports for use in deliberating policies involving the

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insurance program. Minutes and reports of the regular Board meetings constitute further duties required, together with the preparation of notices, ballots, and other functions associated with the annual election of GEHA officers.

13. A new program affording up to \$1,000.00 to eligible dependents of WAEPA and UBLIC policyholders was established and participated in by nearly 100% of eligible persons.

14. Changing over from hand-posting of premium payments on Payroll cases to I.B.M. was accomplished. This should result in the saving of a number of man-hours.

15. A new life insurance plan for contract types was effectuated to replace the old 10-Up life. Under the 10-Up, the maximum United Benefit Life Insurance Company coverage available was \$5,000.00, on which the premiums increased each year. Under the new contract life plan, three classes are available to the eligible employees, \$5,000.00, \$10,000.00, or \$15,000.00 commensurate with the salary received. This plan is administered entirely separate from the UBLIC plan of GEHA for S.E.'s and S.A.'s.

16. To provide "concise and quick" information to people about to enter travel status, a pocket size card containing "capsuled" information on all GEHA plans was prepared and distributed. Its use has expedited out-processing.

17. The Branch Chief, in conjunction with the Division Chief, spent many hours in planning, coordinating, and obtaining offerings, from various underwriters, for the new plans recently adopted and those contemplated for adoption. In addition, the Branch Chief has made arrangements with cleared contacts for approaches to be made for the purpose of obtaining outside coverage for sensitive activities.

The following Section reflects a report of the operational activities of this Branch for the reporting period.

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SUMMARY OF INSURANCE ACTIVITY

1 July 1961 - 30 June 1962

Type of Coverage

WAEPA

| | |
|--------------------|------------------|
| New Applications | 89 |
| Reinstatements | 2 |
| Cancellations | 119 |
| Policies in Force | 1,129 |
| Insurance in Force | \$ 16,810,000.00 |
| * Claims (4) | \$ 85,000.00 |

UBLIC

| | |
|--------------------|------------------|
| New Applications | 298 |
| Reinstatements | 4 |
| Cancellations | 114 |
| Policies in Force | 2,522 |
| Insurance in Force | \$ 31,705,500.00 |
| ** Claims (9) | \$ 136,100.00 |

CONTRACT LIFE (Effective 1 March 1962)

| | |
|--------------------|-----------------|
| New Applications | 25X9A2 |
| Reinstatements | 0 |
| Cancellations | 0 |
| Policies in Force | 25X9A2 |
| Insurance in Force | \$ 2,720,000.00 |
| Claims (0) | 0 |

TEN-UP LIFE

| | |
|--------------------|---------------|
| New Applications | 43 |
| Reinstatements | 0 |
| Cancellations | 81 |
| Policies in Force | 40 |
| Insurance in Force | \$ 200,000.00 |
| Claims (0) | 0 |

* One at \$40,000.00; three at \$15,000.00
 ** Two at \$30,000.00; five at \$15,000.00; one at \$1,000.00
 (dependent); one at \$100.00 (dependent)

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Type of Coverage (continued)

AIR FLIGHT

| | |
|-------------------|-----|
| New Applications | 437 |
| * Cancellations | 625 |
| Policies in Force | 437 |
| Claims Paid | 0 |

MILITARY AIR FLIGHT

| | |
|-------------------|----|
| New Applications | 63 |
| Cancellations | 63 |
| Policies in Force | 4 |
| Claims Paid | 0 |

FLITE PLAN

| | |
|-------------------|----|
| New Applications | 20 |
| Reinstatements | 2 |
| Cancellations | 29 |
| Policies in Force | 61 |
| Claims Paid | 0 |

TRAVEL-MATIC

| | |
|-------------------|-----|
| New Applications | 90 |
| Reinstatements | 1 |
| Cancellations | 94 |
| Policies in Force | 289 |
| Claims Paid | 0 |

EMERGENCY TRAVEL

| | |
|-------------------|-------------|
| New Applications | 39 |
| Reinstatements | 0 |
| Cancellations | 57 |
| Policies in Force | 67 |
| No. of Claims | 3 |
| Claims Paid | \$ 2,373.89 |

* All policies automatically cancel after being in force one year.

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Type of Coverage (continued)

INCOME REPLACEMENT

| | |
|--------------------|--------------|
| New Applications | 33 |
| Cancellations | 20 |
| Policies in Force | 214 |
| No. of Claims Paid | 33 |
| Claims Paid | \$ 11,196.58 |

SPECIFIED DISEASE

| | |
|--------------------|-----------|
| New Applications | 112 |
| Reinstatements | 2 |
| Cancellations | 136 |
| Policies in Force | 1,138 |
| No. of Claims Paid | 11 |
| Claims Paid | \$ 518.58 |

OLD MUTUAL

| | |
|-------------------|-------------|
| Claims Paid | \$ 1,338.65 |
| No. of Claims | 38 |
| Average Per Claim | \$ 35.23 |

TEN-UP HOSPITALIZATION

| | |
|---------------|----------|
| Claim Paid | \$ 35.00 |
| No. of Claims | 1 |

CONTRACT HOSPITALIZATION

| | |
|-------------------|----|
| New Applications | |
| Reinstatements | |
| Cancellations | |
| Policies in Force | |
| No. of Claims | |
| Claims Paid | \$ |
| Average Per Claim | \$ |

25X9A2

of 6-23-62)

MUTUAL HOSPITALIZATION (Association Plan -

| | |
|-------------------|--------|
| Policies in Force | |
| No. of Claims | |
| Claims Paid | \$ 1,3 |
| Average Per Claim | \$ |

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Miscellaneous

ADVANCES FOR HOSPITALIZATION

Number Made
Total Amount

224
\$ 24,658.50

TALKS TO NEW E.O.D.'s

25X9A2

Number of Talks
Number in Attendance



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Section II

Specific Plans for Fiscal Year 1963

(7/1/62 - 6/30/63)

1. Steps will be taken to prepare a number of minor changes to the gray "Association Plans" booklet, thereby bringing it up to date. Further attempts will be made to include a chapter on the Federal Employees Health Benefits Program.

2. Since a vaulted area is now approved for the Branch, a change from legal size folders to a letter size will be made so that either shelf-filing will be adopted, or instead letter size safes.

3. Steps will continue to be made with a view to adopting an overall comprehensive, fire-liability-property damage, etc. type of coverage for the use of personnel in transit to protect household goods, automobiles, etc.

4. A dependents' program providing hospitalization for parents of employees and wives, or husbands, will be implemented. Age limit will be 65.

5. With the approval of the Board of Directors, arrangements will be made to hire an outside consultant for use when advice on technical questions, as well as guidance, is necessary in connection with the overall administration from a financial and actuarial standpoint.

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7. Some changes of a minor nature, but aimed at providing improved coverage, will be made at the renewal of the Mutual of Omaha Hospitalization and Surgical contract (FEHBA) in November of this year.

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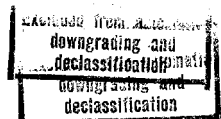
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8. The Branch again recommends an overseas trip by a representative of GEHA, together with one from BCB, for the purpose of expediting the settling of all matters involving the Benefits and Services Division, and to ascertain that the people responsible for such are completely appraised of all necessary information.

9. A new "limited open-period" will be declared in October 1962, whereby certain people not presently having "Association" or some other Federal Employees Plan, will be allowed to apply. A notice regarding this matter, calling attention to the dates, will be distributed.

10. It is again recommended that the Chief, BSD, and/or the Chief, IB., be afforded the opportunity of visiting the home offices of Mutual of Omaha.

11. Initial steps will be taken toward eliminating the need for the National Cash Register machine. Machine Records Division is presently working on a plan to substitute I.B.M. for National Cash Register. This should be finalized in the early part of 1963.



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Section III

Projected Work-Load Statistics

for Fiscal 1963 - 1964

It is reasonable to expect that during the fiscal year 1963 - 1964, a normal increase in all plans presently administered by the Branch will take place. However, with the numerous new plans of coverage, i. e. dependents' hospitalization, fire-liability-household effects, dental coverage etc., it is pointed out that additional personnel will be necessary to maintain operations on a current basis.

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